

Company Registration No. 1517140

A.W. (Europe) Limited

Report and Financial Statements

31 December 2013

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A.W. (Europe) Limited

Report and financial statements 2013

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A.W. (Europe) Limited

Report and financial statements 2013

Officers and professional advisers

Directors

S.R. Elliott
E.L.J. Deporte
M.G. Van Waeyenberge

Secretary

S.R. Elliott
P.O. Box 17
Fletchers Mill
Dean Clough Industrial Park
Halifax
West Yorkshire
HX3 5AX

Registered office

P.O. Box 17
Fletchers Mill
Dean Clough Industrial Park
Halifax
West Yorkshire
HX3 5AX

Bankers

Natwest
7 Hustlergate
Bradford
West Yorkshire
BD1 1PP

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

Strategic report

Principal activity and business review

The company is a wholly owned subsidiary of Associated Weavers International N.V. and operates as the group's UK sales office.

The company's principal activity is the commercialisation of broadloom tufted carpet and rugs. There have not been any significant changes in the company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account, the company's sales have increased by 6% compared to the prior period with a profit for the year of £407,000 (2012: profit of £447,000).

The balance sheet of the financial statements shows that, as a result of the profit for the year and despite the impact of the actuarial loss within the statement of recognised gains and losses, the company's financial position at the year end has moved from a deficit of £318,000 to a deficit of £101,000.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in decreasing profit margins and losing sales to its competitors. The company manages this risk by providing added value services to its customers, superior product development and by maintaining strong relationships with customers.

Credit risk

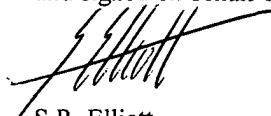
The company's principal financial assets are bank balances and trade and other debtors. The amounts included within the financial statements are net of allowances for doubtful debts. The company has no significant concentration of credit risk.

Going concern

In assessing the appropriateness of the application of the going concern basis, the Directors have considered the uncertainties around the general economic environment, the current and future trading performance of the company and the available cash. In addition the ultimate parent company has indicated its commitment to provide financial support to this company if required.

The directors have a reasonable expectation that the company and the group of which this is a part have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Approved by the Board of Directors
and signed on behalf of the Board



S.R. Elliott
Director
23 May 2014

A.W. (Europe) Limited

Directors' report

Environment

Notwithstanding the fact that the company acts as a sales office and as such only has a minimal impact on the environment, the company recognizes the importance of its environmental responsibilities.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

Results and dividends

The audited financial statements for the year ended 31 December 2013 are set out on pages 6 to 18. The profit for the period after taxation amounted to £407,000 (2012: profit of £447,000).

The directors do not recommend the payment of a dividend for the year (2012: £nil).

Key performance indicators

The following KPIs are relevant when assessing performance:

	2013	2012
Turnover	£48m	£46m
Gross profit margin	8.6%	8.7%
Debtor days	81 days	93 days

The directors are satisfied with the above KPIs given the difficult market conditions faced by the company.

Directors

The directors of the company who served during the year and subsequently were:

S.R. Elliott;
E.L.J. Deporte; and
M.G. Van Waeyenberge.

Disclosure of relevant information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


S.R. Elliott
Director
23 May 2014

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor Report to the members of A.W. (Europe) Limited

We have audited the financial statements of A.W. (Europe) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Matthew Hughes, BSc (Hons), ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

29 May 2014

A.W. (Europe) Limited

Profit and loss account Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	48,334	45,505
Cost of sales		(44,170)	(41,568)
Gross profit		4,164	3,937
Other operating expenses	4	(3,651)	(3,393)
Operating profit	5	513	544
Interest payable	6	(106)	(97)
Profit on ordinary activities before taxation		407	447
Taxation on profit on ordinary activities	7	81	-
Retained profit for the financial year	13	488	447

All results are derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year	13	488	447
Actuarial gain (loss) relating to the pension scheme	15	107	(195)
Effect of limit on unrecognisable pension surplus	15	(297)	-
Total recognised gains and losses relating to the year		298	252

A.W. (Europe) Limited

Balance sheet 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	8	70	110
Current assets			
Debtors	9	10,795	11,712
Prepayments and accrued income			
- Pattern books	10	899	843
Cash at bank and in hand		26	28
		11,720	12,583
Creditors: amounts falling due within one year	11	(11,810)	(13,002)
Net current liabilities		(90)	(419)
Total assets less current liabilities		(20)	(309)
Pension liability	15	-	(9)
Net liabilities		(20)	(318)
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	(1,020)	(1,318)
Total shareholders' deficit	14	(20)	(318)

The accompanying notes are an integral part of this balance sheet.

The financial statements of A.W. (Europe) Limited, company registration number 1517140, were approved by the Board of Directors on 23rd May 2014.

Signed on behalf of the Board of Directors



S. R. Elliott
Director

Notes to the financial statements
Year ended 31 December 2013

1. Accounting Policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies which have been adopted consistently throughout the current year and preceding year are summarised below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards.

Going concern

In assessing the appropriateness of the application of the going concern basis, the Directors have considered the uncertainties around the general economic environment, the current and future trading performance of the company and the available cash. In addition the ultimate parent company has indicated its commitment to provide financial support to this company if required.

The companies financial position at the year end has moved from a deficit of £318,000 to a deficit of £20,000.

The directors have a reasonable expectation that the company and the group of which this is a part have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised) "Cash flow statements" to include a cash flow statement as part of its financial statements as the consolidated financial statements of the ultimate parent company, of which A.W. (Europe) Limited is a 100% subsidiary undertaking, are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost less the residual value of fixed assets on a straight-line basis over their estimated useful lives as follows:

Office equipment 20% per annum

Motor vehicles 33% per annum

Pattern books

The cost of providing pattern books is classified as a prepayment and is written off over the life of the related carpets sales estimated to be 24 months.

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax adjustments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover comprises the value of sales (net of VAT and trade discounts) of goods in the normal course of business and is recognised on dispatch.

Pension costs

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The company operates a funded defined benefit scheme. The amount charged to operating profit is the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further details of the company's pension arrangements are set out in note 15.

The company provides no other post-retirement benefits to its employees.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Accounting policies (continued)

Debt factoring arrangements

Trade debts sold to a debt factor under a recourse financing arrangement are recorded within trade debtors with the balance due to the factor shown within creditors. Payments in transit to the debt factorer are recognised as a reduction in the amounts owed to the debt factorer equivalent to the proportion factored, with the remaining proportion recognised as amounts owed by the debt factorer under the terms of the agreement.

2. Segmental information

All of the company's turnover was generated in the UK and from its principal activity.

3. Information regarding directors and employees

Director's remuneration

Included within employee costs is the following remuneration in respect of directors of the company:

	2013 £'000	2012 £'000
Emoluments	177	150
Money purchase pension contributions	29	28
	<u>206</u>	<u>178</u>

The remuneration shown above is in respect of one director only. Two of the directors who served during the year were remunerated through other group companies. It is not practicable to ascertain what proportion of this remuneration is related to the company.

The number of directors who were members of the company's defined benefit pension scheme was 1 (2012: 1). The number of directors who were members of the company's defined contribution pension scheme was 1 (2012: 1).

	2013 No.	2012 No.
Average number of persons employed		
Sales and marketing	18	20
Administration	16	16
	<u>34</u>	<u>36</u>

	2013 £'000	2012 £'000
Staff costs during the year (including directors)		
Wages and salaries	1,202	1,173
Social security costs	162	152
Other pension costs	120	273
	<u>1,484</u>	<u>1,598</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

4. Other operating expenses

	2013 £'000	2012 £'000
Selling and marketing costs	2,394	2,272
Administrative expenses	1,257	1,121
	<u>3,651</u>	<u>3,393</u>

5. Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging:		
Profit on the sale of fixed assets	-	6
Amortisation of patterns books (note 10)	852	783
Depreciation of tangible fixed assets (note 8)	52	47
Auditor's remuneration for audit services	15	15
	<u> </u>	<u> </u>

The analysis of auditor's remuneration is as follows:

	2013 £'000	2012 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>15</u>	<u>15</u>
Fees payable to the company's auditor for other services to the company tax services	<u>6</u>	<u>6</u>

6. Interest payable and similar charges

	2013 £'000	2012 £'000
Net finance charge relating to the pension scheme (see note 15)	(41)	(30)
Debt factoring facility	147	127
	<u>106</u>	<u>97</u>

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

7. Tax on profit on ordinary activities

The tax charge comprises:

	2013 £	2012 £
Current tax		
UK corporation tax at 23.25% (2012: 24.5%) based on the profit on ordinary activities for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(81)	-
Total deferred tax (see note 12)	(81)	-

Factors effecting tax charge for the current year

No tax charge arose in the current or prior year. The tax assessed is different to that resulting from applying the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	407	447
Tax at 23.25% (2012: 24.5%) thereon	95	110
Effects of:		
Expenses not deductible for tax purposes	5	5
Capital allowances in excess of depreciation	7	3
Utilisation of tax losses	(4)	(63)
Movement in short term timing differences	(103)	(55)
Current tax rate for year as a percentage of profits	-	-

Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences as there is insufficient evidence that the asset will be recovered. The amount not recognised is £249,330 (2012: £541,659).

The company's future tax charge will be affected by the change in the UK corporation tax rate.

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% from 1 April 2015, was enacted on 17 Jummy 2013. As this legislation was substantively enacted prior to the balance sheet date, the closing deferred tax asset has been revalued at 20% at 31 December 2013.

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

8. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2013	39	269	308
Additions	-	12	12
At 31 December 2013	39	281	320
Depreciation			
At 1 January 2013	8	190	198
Charge	10	42	52
At 31 December 2013	18	232	250
Net book value			
At 31 December 2013	21	49	70
At 31 December 2012	31	79	110

9. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	10,714	11,712
Deferred taxation (note 12)	232	-
	<u>10,795</u>	<u>11,712</u>

Included within trade debtors is £8,079,000 (2012: £7,834,000) of debt which has been factored under a recourse debt factoring agreement with KBC Commercial Finance Limited.

10. Prepayments and accrued income – pattern books

	2013 £'000	2012 £'000
Net prepayments, at 1 January	843	894
Additions	908	732
Amortisation	(852)	(783)
Net prepayments, at 31 December	<u>899</u>	<u>843</u>

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

11. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	225	216
Amounts owed to parent company and fellow group undertakings	2,928	5,258
Other creditors including tax and social security	563	140
Accruals and deferred income	15	15
Amounts owed to recourse debt factor	8,079	7,373
	<u>11,810</u>	<u>13,002</u>

The company has granted a floating charge over its assets to secure the amounts owed to the recourse debt factor.

12. DEFERRED TAXATION

The amounts of provided deferred tax are as follows:

	£'000
Balance at 1 January 2013	-
Credit to profit and loss account	81
Balance at 31 December 2013 (see note 10)	<u>81</u>

	2013 £'000	2012 £'000
Origination and reversal of timing differences	<u>81</u>	<u>-</u>

13. Called up share capital

	2013 £'000	2012 £'000
Authorised, allotted, called up and fully paid 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. Reserves

	Profit and loss account £'000
At 1 January 2013	(1,318)
Retained profit for the year	488
Actuarial loss relating to pension scheme	<u>(190)</u>
At 31 December 2013	<u>(1,020)</u>

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

15. Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Profit for the financial year	488	447
Actuarial loss relating to the pension scheme	107	(195)
Effect of limit on unrecognisable pension surplus	(297)	-
Net movement in shareholder' deficit	298	252
Opening shareholders' deficit	(318)	(570)
Closing shareholders' deficit	(20)	(318)

16. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company.

The total cost charged to the profit and loss account of £120,000 (2012: £273,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2013, contributions of £nil (2012: £nil) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The company operates a funded defined benefit scheme; the A.W. (Europe) Limited Pension Scheme (the "Scheme"). The scheme was closed to benefits accrual with effect from 1 March 2003. Pension benefits for deferred members are based on the member's final pensionable salary and service at the date accrual ceased (or date of leaving if earlier).

A full actuarial valuation was carried out at 31 December 2010. The results have been updated to 31 December 2013 by a qualified independent actuary. The assumptions used were as follows:

Key assumptions

The major assumptions used for the actuarial valuation were:

	2013	2012
Discount rate	4.5%	4.6%
Price inflation	3.4%	3.0%
Pension in payment increases:		
(pensions earned after 1.12.2000)	3.3%	2.9%
(pensions earned before 1.12.2000)	5.0%	5.0%
Rate of increase for deferred pensions	2.4%	2.3%
Expected return on assets	6.1%	5.6%

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

16. Retirement benefit schemes (continued)

Demographic assumptions

	2013	2012
Mortality (Pre retirement)	Nil	Nil
	SIPXA (yob)	SIPXA (yob)
Mortality (Post retirement)	Improvements:	Improvements:
	Males: CMI_2010_M [1%]	Males: CMI_2010_M [1%]
	Females: CMI_2010 F [1%]	Females: CMI_2010 F [1%]

Life expectancies

	2013 Years	2012 Years
Life expectancy for an individual aged 65		
- Male	22.1	22.0
- Female	24.3	24.1
Life expectancy at age 65 for an individual aged 45		
- Male	23.5	23.4
- Female	25.8	25.7

Analysis of amounts charged to net finance charges

	2013 £'000	2012 £'000
Expected return on pension scheme assets	216	201
Interest on pension liabilities	(175)	(171)
Net income	41	30

Analysis of the actuarial loss in the statement of total recognised gains and losses

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	203	100
Changes in assumption underlying the present value of the scheme	(96)	(295)
Effect of limit on recognisable surplus	(297)	-
Actuarial loss recognised	(190)	(195)

The cumulative loss recognised in the STRGL up to 31 December 2013 is £703,000 (2012: £768,000).

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

16. Retirement benefit schemes (continued)

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(4,024)	(3,836)
Fair value of scheme assets	4,321	3,827
Restriction of FRS 17 asset	(297)	-
Liability recognised in balance sheet	-	(9)

Analysis of changes in scheme liabilities

	2013 £'000	2012 £'000
At 1 January	3,836	3,452
Interest cost	175	171
Benefits paid	(83)	(82)
Actuarial losses	96	295
Value of liabilities at end of year	4,024	3,836

Analysis of changes in scheme assets

	2013 £'000	2012 £'000
At 1 January	3,827	3,402
Expected return on scheme assets	216	201
Employer contributions	158	206
Benefits paid	(83)	(82)
Actuarial gains / (losses)	203	100
Value of assets at end of year	4,321	3,827

The actual return on scheme assets was a gain of £419,000 (2012: gain of £301,000).

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

16. Retirement benefit schemes (continued)

	Long term rate of return at 31 December 2013	31 December 2013 £'000	Long term rate of return at 31 December 2012	31 December 2012 £'000	Long term rate of return at 31 December 2011	31 December 2011 £'000
Equity property	7.7%	2,850	7.6%	2,398	7.6%	2,143
Bonds	4.4%	286	4.1%	261	4.7%	234
Cash	0.5%	369	0.5%	291	0.5%	224
Gilts	3.5%	816	2.3%	877	2.5%	801
Total fair value of assets		<u>4,321</u>		<u>3,827</u>		<u>3,402</u>

As required by FRS 17 "Retirement Benefits" assets have been valued at bid price. Assets prior to 2012 have not been restated using this valuation as the directors do not consider any resulting change to be material to the financial statements.

History of Assets, Liabilities and Experience Gains and Losses

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Assets	4,321	3,827	3,402	3,341	2,875
Liabilities	(4,024)	(3,836)	(3,452)	(3,175)	(2,979)
Surplus/(deficit) in scheme	297	(9)	(50)	166	(104)
Unrecognisable pension surplus	(297)	-	-	(166)	-
Liability recognised in balance sheet	-	(9)	(50)	-	(104)

Difference between expected and actual return on scheme assets:

Amount (£'000)	203	100	(198)	171	259
Percentage of scheme assets	5%	3%	(6)%	5%	9%

Experience gains and losses on scheme liabilities:

Amount (£'000)	-	-	(48)	-	-
Percentage of scheme liabilities	0%	0%	(1)%	0%	0%

Total amount recognised in statement of total recognised gains and losses:

Amount (£'000)	190	(195)	(368)	86	(140)
Percentage of scheme liabilities	5%	(5)%	(11)%	3%	(5)%

The last actuarial valuation of the Scheme was performed by the Actuary for the Trustees as at 31 December 2010. The company agreed to pay deficit contributions of at least £158,000 per annum to the scheme for 5 years and 2 months from 31 December 2010 in addition to meeting the cost of any expenses as and when they fall due. The company expects to pay £158,000 to the scheme during the accounting year beginning 1 January 2014.

A.W. (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

17. Ultimate parent company

The company is a subsidiary undertaking of Associated Weavers International N.V., which is incorporated in Belgium.

The largest and smallest group of which A.W. (Europe) Limited is a member and for which group financial statements are drawn up is that headed by Belgotex International N.V., incorporated in Belgium whose principal place of business is at Groene Dreef 5, 9770 Kruishoutem, Belgium. The consolidated financial statements of this group are available to the public and may be obtained from Belgotex International N.V., Groene Dreef, 5, 9770 Kruishoutem, Belgium.

18. Transactions with related parties

Substantially all of the goods sold by the company during the year were purchased from a fellow subsidiary undertaking, Associated Weavers Europe N.V. The company is a wholly owned subsidiary of Associated Weavers International, N.V., and has therefore taken advantage of the exemption from the disclosure requirements of Financial Reporting Standard No 8.

There were no other related party transactions.